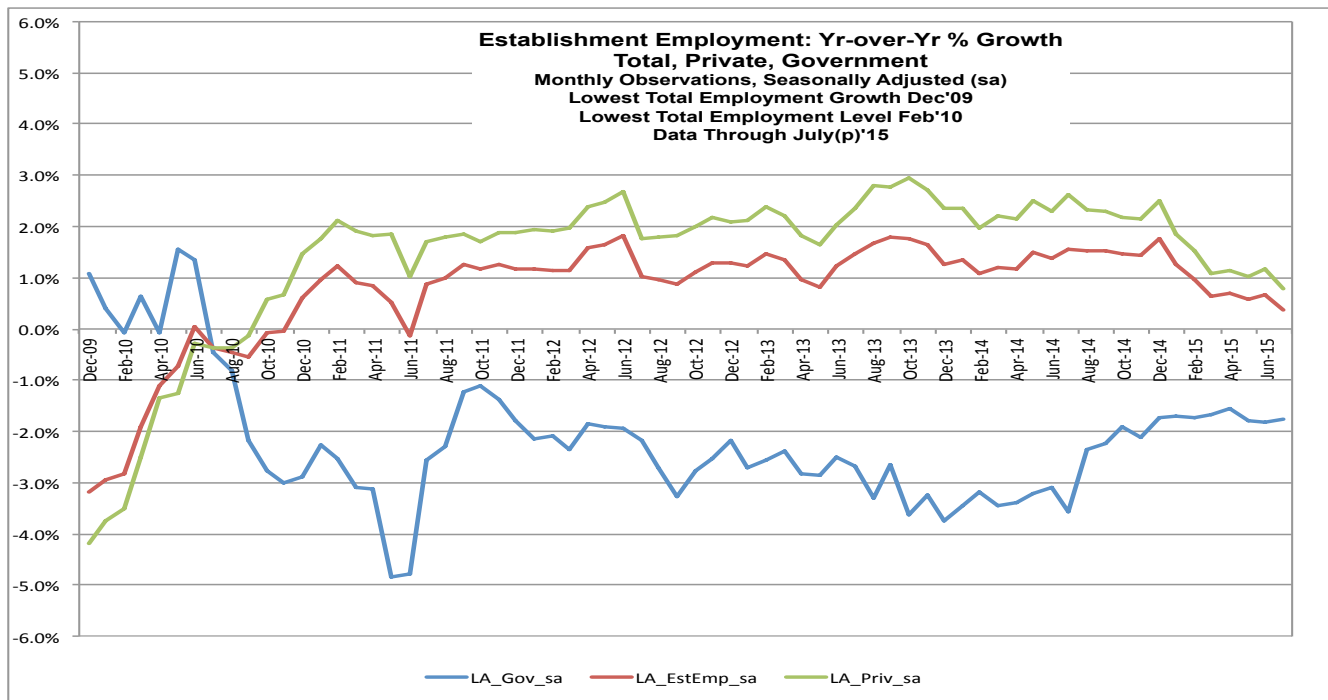


State Employment Growth and Composition, Feb'10 – July'15



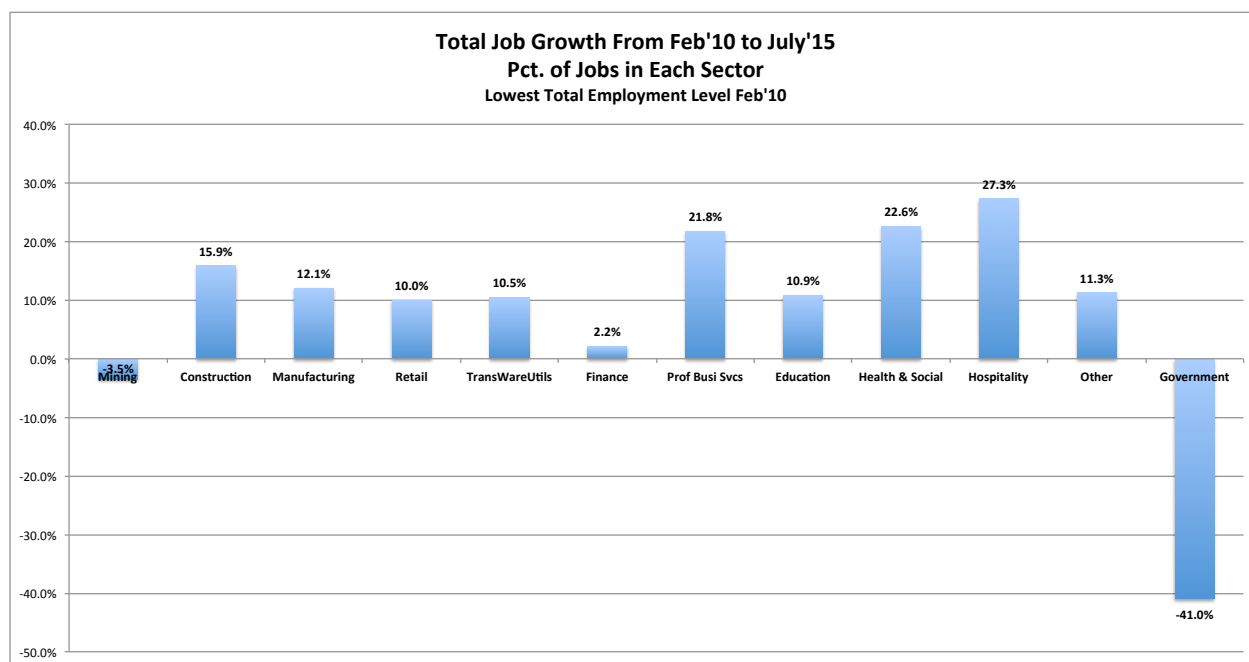
The most regularly cited metric reflecting the economic performance of states is payroll employment growth. Above is a graph depicting the monthly year-over-year growth of three major payroll employment aggregates for the state of Louisiana; total employment, private sector, and public sector (state, federal, and local combined). The graph starts with growth as of the December 2009, the lowest growth month for total payroll employment in the state during the 08/09 national recession. From that point on annual growth rates began to improve, although still negative for some months, and payroll employment levels began growing after February 2010. Thus, this graph reflects the entire period of economic recovery from the recession.

Some notable characteristics of state payroll employment growth are evident in this graph. Growth in total employment and private sector employment has been fairly stable, averaging about 1% for total employment and 2% for private sector employment. Once growth resumed after the recession it has exhibited little or no acceleration for some 4 ½ years. Stable growth is generally a positive for an economy, although the lack of acceleration is somewhat surprising in light of the large amount of industrial expansion that has been occurring and announced across the southern tier of the state over the last few years.

Private sector growth has exceeded the growth of total employment since about mid-2010. This reflects good private sector performance, but also the decline of government employment in the state. Federal employment growth declined sharply after the conclusion of the 2010 census, and has stepped down in level twice since then. Local government employment has exhibited a slow downward drift over much of this period, as well. More dramatically has been the decline in state government employment resulting from the policy decisions to reduce and privatize state agencies and activities. These declines began slowing around mid-2014, but annual growth in government employment is still negative. While comprising less than 17% of total employment in the state during 2014, government declines have been enough to hold total employment growth to only about one-half the rate of private sector growth.

Finally, private sector employment growth appears to have slowed down by nearly half, from a 2% rate to a 1% rate, since the beginning of 2015. Only one major private industry sector, oil and gas mining, is actually showing absolute declines. The decline in that sector was relatively small through 2014, but has accelerated sharply in 2015. This is an important sector for the state and a concern for the current outlook, as it appears to be leading to a general across the board slowing in employment growth. However, given the sampling nature of the monthly data in current annual periods, the magnitude of this reported slowdown may prove to be exaggerated. Re-benchmarking to more complete reporting in the spring of 2016 will either confirm or alleviate this concern. For now, though, a new materially lower rate of growth appears to be occurring.

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Employment, July 2015, thousands												
1989.5	46.9	139.2	150.9	228.2	88.2	93.1	215.7	48.5	258.5	224.2	174.8	321.3
Change Since Feb 2010, thousands												
115.2	-4.0	18.3	13.9	11.5	12.1	2.5	25.1	12.5	26.0	31.5	13.0	-47.2
Average Annual Salary, 2014												
\$86,086	\$55,804	\$67,478	\$26,250	\$41,306	\$63,069	\$53,186	\$40,173	\$39,761	\$19,457	\$33,776	\$49,383	

The composition of employment growth by major industry sector is also of interest in assessing the performance of the economy. The chart above depicts the percentage change in total payroll employment in the state by major sector¹ of the economy from the February 2010, the low point of the state's payroll employment resulting from the 2008-09 national recession. The months subsequent to that trough point reflect the economic recovery from the recession. During this period of over five years total payroll employment in the state has increased by over 115,000 jobs. Each column in the chart above reflects each sector's share of this change in total payroll employment over the period. The table below the chart provides absolute levels of employment, the change in the number of jobs, and the average annual salary/wage in each sector. For example, of the total 115,200 jobs increase since February 2010, 15.9% of that increase has occurred in the construction sector. That sector has added 18,300 jobs and now contains a total of 139,200 jobs. The average salary/wage in the sector was \$55,804 in 2014.

The most obvious feature of the chart is the large drop in government² jobs in the state, even as the economy has been expanding. Some of this drop is the expiration of temporary jobs associated with the federal decennial census, but only about 4% of the total government job decline has been federal jobs. The bulk of this sector's job losses have been state level government jobs, 31,000 or 66% of the total sector³, and largely reflects the policy decision to reduce state government employment levels. The balance of job losses in this sector, 14,000 or 30%, have been local government jobs reflecting the cutbacks associated with the 08/09 recession and relatively weak recovery. This sector as a whole has yet to exhibit positive growth.

Contraction of the mining sector, largely oil & gas extraction and support in Louisiana is not surprising given the dramatic drop in oil prices since the summer of 2014. That sector had maintained a positive growth share even after the Haynesville shale gas surge began tapering off in 2012. However, even though Louisiana has not been part of the shale oil boom, a halving of oil prices in less than a year's time and persistently weak natural gas prices have worked to reduce the overall sector.

¹ North American Industry Classification System (NAICS) two-digit sectors. The standard used by Federal statistical agencies.

² Government employment as defined by the U.S. Dept. of Labor, Bureau of Labor Statistics.

³ The chart displays state level government average wages. Federal average wage in Louisiana was \$74,387, while the local government average wage was \$39,870. All wage averages are taken from the Quarterly Census of Employment and Wages – Bureau of Labor Statistics.

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While it is good news that positive growth shares have been exhibited in the major sectors other than mining and government, it is noteworthy that 35% of total payroll employment growth has occurred in the hospitality & leisure sectors and the retail trade sector. These are already two of the largest sectors in the economy, and are also the two lowest paid sectors.